Message Text

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FM AMEMBASSY LIMA

TO SECSTATE WASHDC PRIORITY 915

LIMITED OFFICIAL USE LIMA 6151

E.O. 11652: N/A

TAGS: BENC, PBRO, PE

SUBJECT: MAJOR PROJECTS: FIRE FIGHTING EQUIPMENT FOR CUERPO

GENERAL DE BOMBEROS VOLUNTARIOS

REF: STATE 171393, LIMA 490

1. NATIONAL PLANNING INSTITUTE TURNED DOWN REQUEST BY MINISTER OF INTERIOR FOR AUTHORIZATION TO PROCEED WITH PURCHASE OF COMPLETE US\$35 MILLION FIREFIGHTING EQUIPMENT PACKAGE FOR CUERPO GENERAL DE BOMBEROS VOLUNTARIOS. REASON FOR DENIAL WAS GENERAL STATE OF PERUVIAN ECONOMY AND NEED TO REDUCE FOREIGN INDEBTEDNESS, ESPECIALLY IN "YEAR OF AUSTERITY". AS COMPROMISE SOLUTION TO PROBLEM OF URGENT NEED FOR EQUIPMENT BY FIREFIGHTING BATALLIONS THROUGHOUT PERU, NATIONAL PLANNING INSTITUTE DID PRT DID AUTHORIZE INTERIOR MINISTRY TO OBTAIN FINANCING FOR \$5 MILLIONOF TOTAL PACKAGE. THERE IS UNWRITTEN UNDERSTANDING THAT ADDITIONAL \$5 MILLION SEGMENTS WILL BE AUTHORIZED EVERY SIX MONTHS UNTIL FULL PURCHASE IS COMPLETED.

2. BY RESOLUTION 005-78 CBP/CN, DATED MAY 31, 1978, A COMMISSION, MADE UP OF OFFICIALS OF THE FIREMEN'S CORPS (CUERPO DE BOMBEROS DEL PERU), WAS CHARGED WITH SETTING PRIORITIES AND SELECTING \$5 MILLION WORTH OF LIMITED OFFICIAL USE

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EQUIPMENT FROM TOTAL PACKAGE. GROUP WAS ALSO CHARGED WITH RECOMMENDING SUPPLIER. COMMISSION SUBMITTED ITS REPORT ON JUNE 30. COPY OF REPORT BEING AIRPOUCHED TO HARDISTY (USDOC/MEPD).

3. COMMISSION RECOMMENDED SUPPLIERS IN FOLLOWING PRIORITY ORDER:

A. YOUNG ROCKLAND (USA)

B. J. HOFMAN OVERSEAS (USA)

C. H.C.B. ANGUS LTD. (UK)

D. CAMIVA (FRANCE)

E. WARD LA FRANCE (USA)

CONRESERSA, LOCAL REPRESENTATIVE OF YOUNG ROCKLAND, IS CONFIDENT THAT INTERIOR MINISTER WILL NOW PROCEED WITHOUT DELAY TO PLACE ORDER WITH YOUNG ROCKLAND. CONRESERSA HAS REQUESTED FINANCING DOCUMENTS FROM RICHARD YOUNG IN ORDER TO CLOSE DEAL BEFORE GOP HAS OPPORTUNITY TO MAKE ANY LAST MINUTE CHANGES.

- 4. THERE IS NO DIRECT LINKAGE BETWEEN THIS SALE AND GOP DIFFICULTIES IN REACHING AGREEMENT WITH IMF.

 PROBLEMS WITH IMF AND FOREIGN COMMERICAL BANKS

 HAVE COMPOUNDED GENRAL ECONOMIC CRISIS WHICH MAKES IT

 IMPOSSIBLE FOR GOP TO CARRYOUT FULL \$35 MILLION ACQUISITION

 IN 1978 WAS WAS ORIGINALLY CONTEMPLATED.
- 5. EMBASSY HAS HEARD NOTHING REGARDING YOUNG'S PROPOSAL TO PERUVIANS TO USE CHRYSLER CHASSIC BUILT IN PERU WITH US-MADE BODIES. WE DO NOT BELIEVE THAT CONRESERA IS PUSHING THIS IDEA VERY STRENOUSLY AT THIS TIME. PERHAPS THEY WILL TRY TO MAKE ADDITIONAL SALES USING THIS CONCEPT AFTER ORDER FOR \$5 MILLION IN DIRECT IMPORT PURCHASE FINALIZED. LIMITED OFFICIAL USE

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6. EMBASSY CONTINUES TO FOLLOW CLOSELY ALL DEVELOPMENTS ON THIS MAJOR PROJECT AND TO ASSIT CONGRESERSA WHENEVER SUCH HELP IS REQUESTED AND IS APPROPRIATE. SHLAUDEMAN

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